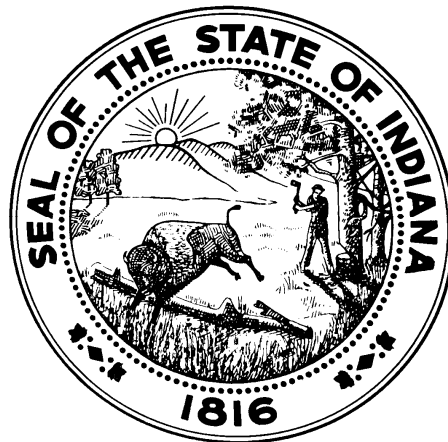


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

AUDIT REPORT
OF
COUNTY DRAINAGE BOARD
DELAWARE COUNTY, INDIANA
January 1, 2005 to December 8, 2008



FILED
03/04/2009

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Surveyor	John Kelley	01-01-05 to 12-31-12
President of the Drainage Board	John Brooke Tom Bennington Larry Bledsoe	01-01-05 to 12-31-05 01-01-06 to 12-31-08 01-01-09 to 12-31-09
President of the County Council	Joseph M. Russell Bradley Bookout Chris Matchett	01-01-05 to 12-31-06 01-01-07 to 12-31-08 01-01-09 to 12-31-09
President of the Board of County Commissioners	Larry Crouch Thomas Bennington John Brooke Todd Donati	01-01-05 to 12-31-05 01-01-06 to 12-31-06 01-01-07 to 12-31-08 01-01-09 to 12-31-09



STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF DELAWARE COUNTY, INDIANA

We have audited the records of the County Drainage Board for the period from January 1, 2005 to December 8, 2008, and certify that the records and accountability for cash and other assets are satisfactory to the best of our knowledge and belief, except as stated in the Audit Results and Comments. The financial transactions of this office are reflected in the Annual Report of Delaware County for the years 2005, 2006, and 2007.

STATE BOARD OF ACCOUNTS

January 20, 2009

COUNTY DRAINAGE BOARD
DELAWARE COUNTY
AUDIT RESULTS AND COMMENTS

EXCESSIVE OR UNREASONABLE COSTS

The Delaware County Surveyor, John Kelley, paid \$5.00/foot for a total of \$80,000 to Smith Construction for debris brushing at 400 E and 300 S. The most paid for any other debris brushing job during the period the Surveyor has held office was \$4.00/foot. Bids were not taken on the project and there was no reason supplied by the officials for the increased cost.

On July 9, 2007, John Kelley awarded Work Order 4554 to Jeff Doughty Excavating for debris brushing one side of Jones Ditch from 375 South to 500 South. The final inspection was completed by Tim Heniser, Deputy Surveyor, on August 29, 2007, and Jeff Doughty Excavating was paid \$31,127 on September 19, 2007. In 2008, the Highway Department contacted the Surveyor's office requesting that this ditch be debris brushed. A subsequent inspection of the ditch determined that large trees remained on both sides of the Jones ditch.

On August 18, 2005, John Kelley issued Work Order 4158 to STS Landscaping for the removal of hangers and debris brushing of William-Wick Ditch located in South Muncie by Mansfield Park. No notices were sent out to affected homeowners as required by IC 36-9-27-33(c). The final inspection was signed by John Kelley on September 28, 2005. STS Landscaping submitted an invoice for \$1,000 for the work and was paid on October 20, 2005. A subsequent investigation by Indiana State Police determined that Work Order 4174 issued to Shideler Spray for spraying was never completed because their inspection revealed that no debris brushing, only mowing, had been performed at the site.

Every effort should be made by the governmental unit to avoid unreasonable or excessive costs. (Accounting and Uniform Compliance Guidelines Manual for Public Drainage Funds, Chapter 9)

PUBLIC WORKS PROJECTS

Delaware County, during the period 2005-2008, contracted with various vendors for the construction and repair of drainage ditches. Of these projects, fifteen were in excess of \$25,000 and one was in excess of \$75,000. There was no evidence presented for audit that quotes were taken or sealed bids were requested or received. No contracts were issued by the governing body. Of the sixteen projects, six were awarded to Jeff Doughty Excavating for payments totaling \$182,656; four were awarded to Smith Excavation, Inc., for payments totaling \$165,476; two were awarded to Grider Excavating, Inc., for payments totaling \$73,349; two were awarded to York Construction and Excavation for payments totaling \$54,955; one was awarded to Earth Workz, Inc., for payments totaling \$31,168; and one was awarded to Barber Contracting for payments totaling \$61,242.

IC 36-1-12-4(a) states in part:

"This section applies whenever the cost of a public work project will be:

- (1) at least seventy-five thousand dollars (\$75,000) in:
 - (A) a consolidated city or second class city; or
 - (B) a county containing a consolidated city or second class city; . . ."

COUNTY DRAINAGE BOARD
DELAWARE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

IC 36-1-12-4(b) states in part:

"The board must comply with the following procedure:

- (1) The board shall prepare general plans and specifications describing the kind of public work required, but shall avoid specifications which might unduly limit competition. . . .
- (2) The board shall file the plans and specifications in a place reasonably accessible to the public, which shall be specified in the notice required by subdivision (3).
- (3) Upon the filing of the plans and specifications, the board shall publish notice in accordance with IC 5-3-1 calling for sealed proposals for the public work needed . . ."

IC 36-1-12-4.7 states in part:

"(a) This section applies whenever a public work project is estimated to cost:

- (1) at least twenty-five thousand dollars (\$25,000) and less than one hundred thousand dollars (\$100,000) in:
 - (A) a consolidated city, second class city, or third class city with a population of fifteen thousand (15,000) or more;
 - (B) a county containing a consolidated city or second class city; or
 - (C) a regional water or sewage district established under Indiana Code 13-26; or
- (2) at least twenty-five thousand dollars (\$25,000) and less than fifty thousand dollars (\$50,000) in a political subdivision or agency not described in subdivision (1).

(b) The board must proceed under the following provisions:

- (1) The board shall invite quotes from at least three (3) persons known to deal in the class of work proposed to be done by mailing them a notice stating that plans and specifications are on file in a specified office. The notice must be mailed not less than seven (7) days before the time fixed for receiving quotes.
- (2) The board may not require a person to submit a quote before the meeting at which quotes are to be received. The meeting for receiving quotes must be open to the public. All quotes received shall be opened publicly and read aloud at the time and place designated and not before.
- (3) The board shall award the contract for the public work to the lowest responsible and responsive quoter.
- (4) The board may reject all quotes submitted."

COUNTY DRAINAGE BOARD
DELAWARE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

DRAINAGE BOARD POLICIES

On August 14, 2000, the drainage board passed a policy that all contractors who perform work for the Drainage Board or the Surveyor's office carry workers compensation insurance. However, Terri's Landscaping was paid as a contractor without providing the Drainage Board with proof of insurance.

On May 15, 2006, the Drainage Board awarded the mowing contract to STS Landscaping with an amended motion that gave the Surveyor authority to use the next lowest bidder, Four Seasons Landscaping, if STS Landscaping was not able to fulfill the contract. The invoices that were received from STS Landscaping for mowing in 2006 indicated that the mowing was actually performed by Smith Excavation.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Public Drainage Funds, Chapter 9)

PERSONAL EXPENSES

A claim for \$80 was paid to Northwest Towing for towing of the Surveyor's personal vehicle. John Kelley repaid the County \$80 on September 3, 2008.

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses paid by the governmental entity may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Public Drainage Funds, Chapter 9)

PAYMENT FOR WORK NOT DONE

On September 13, 2005, the Surveyor, John Kelley, issued Work Order 4164 for 1,725 feet of debrushing at the Delaware County Airport to STS Landscaping. On September 28, 2005, John Kelley completed the final inspection and authorized the work order to be paid. On September 30, 2005, STS Landscaping was paid \$6,900 for this work. The work order did not include notices to land owners that work was to be performed as required by Indiana Code 36-9-27-33(c). A subsequent investigation by the Indiana State Police determined that according to affidavits signed by the Airport Manager and the Riggins Farms Manager no work was performed on Work Order 4164.

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses paid by the governmental entity may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Public Drainage Funds, Chapter 9) (See Summary of Questionable Disbursements, page 9)

PAYMENT FOR GOODS NOT RECEIVED - PURCHASE OF PIPE

On May 7, 2007, Work Order 4502 was issued to Jeff Doughty Excavating for the replacement of 1,450 feet of 12 inch plastic pipe on the Donovan Drain at 700 W. On June 21, 2007, check number 469942 for \$8,049.60 was issued to The Knapp Supply Company, Inc., for the purchase of 1,560 feet of

COUNTY DRAINAGE BOARD
DELAWARE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

15 inch plastic pipe. The invoice indicated that the pipe was delivered to the Donovan Drain work site. As of October 27, 2008, no claim had been submitted by Jeff Doughty Excavating for installation of the pipe. When Jeff Doughty was questioned in the Fall of 2008 about the pipe by the Indiana State Police, he stated that he had forgotten to bill for this job. On October 28, 2008, Jeff Doughty Excavating submitted a claim for installation of 1,380 feet of pipe for the Donovan Drain. The owner of the property where the pipe was supposed to be laid stated during the investigation that the pipe was delivered to the property, but was removed by Jeff Doughty Excavating.

Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Public Drainage Funds, Chapter 9) (See Summary of Questionable Disbursements, page 9)

DEBRUSHING ON STICK CITY ROAD

Drainage maintenance was performed on 1,820 feet of Snider Drain on Stick City Road. Work Order 4238 was issued to STS Landscaping in March of 2006. In March of 2007, the work order was amended and given to Smith Excavation to debrush 1,820 feet. Smith Excavation submitted its final invoice for this work on July 23, 2007, and was subsequently paid \$8,312 for the work.

Work Order 4483 was issued to STS Landscaping to debrush 1,000 feet of the Snider Drain. The work order was dated April 19, 2006, but per Tim Heniser, Deputy Surveyor, this was an error and the work order was actually issued April 19, 2007. There were no field inspections indicated on this work order.

On July 11, 2007, Work Order 4559 was given to Terri's Landscape, a company owned by John Kelley's step-son, to remove debris from 820 feet of the Snider Drain. Terri's Landscape was paid \$300 for this work. On July 23, 2007, Work Order 4569 was issued to Terri's Landscape to debrush 820 feet of Snider Drain. Terri's Landscape was paid \$1,640 for this work.

This resulted in three companies being awarded work on the same 1,820 feet of this drain within a four month period. The County has not provided evidence to verify the receipt of all goods and services paid for these work orders.

Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Public Drainage Funds, Chapter 9) (See Summary of Questionable Disbursements, page 9)

SUMMARY OF QUESTIONABLE DISBURSEMENTS

This report includes a summary of questionable disbursements. The auditors have not been able to verify that the labor and materials which were billed and subsequently paid for were actually received. The investigation into these charges is ongoing and the questionable disbursements may become charges to the responsible individual.

Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Public Drainage Funds, Chapter 9) (See Summary of Questionable Disbursements, page 9)

COUNTY DRAINAGE BOARD
DELAWARE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on January 14, 2009, with John Kelley, Surveyor, and on January 20, 2008, with Larry Bledsoe, President of the Drainage Board.

COUNTY DRAINAGE BOARD
DELAWARE COUNTY
SUMMARY OF QUESTIONABLE DISBURSEMENTS

	<u>Charges</u>
Work Order #4164 - Payment for Work Not Done, page 6	\$ 6,900.00
Work Order #4502 - Payment for Goods Not Received - Purchase of Pipe, pages 6 and 7	8,049.60
Work Order #4238 - Debrushing on Stick City Road, page 7	8,312.00
Work Order #4559 - Debrushing on Stick City Road, page 7	300.00
Work Order #4569 - Debrushing on Stick City Road, page 7	<u>1,640.00</u>
Totals	<u><u>\$ 25,201.60</u></u>